

WARNING-UNAPPROVED MINUTES

These minutes have not been reviewed or accepted by the RISLA Board of Directors. This draft is being supplied in order to be in compliance with the State Open Meetings Law. Board approved minutes will be submitted when available.

The 290th meeting of the Rhode Island Student Loan Authority was held on **Thursday, December 22, 2011** in the RISLA Conference Room, 560 Jefferson Boulevard, Warwick, Rhode Island.

Members in attendance:

Dr. Anthony Santoro
Dr. William Croasdale
Mr. John Howell
Ms. Patti Doyle
Mr. Josh Brumberger, Designee of the General Treasurer

Members absent:

Hon. Robert J. McKenna

Others in attendance:

Mr. Charles Kelley
Mr. Noel Simpson
Mr. Joseph Palumbo
Ms. Jennifer Dutch
Mr. Kevan McAleer
Mr. Justin Metaketees (Senate Finance)
Ms. Laurie Brayton
Mr. Marc Lacroix
Mrs. Gail Mance-Rios
Mr. Peter Kirwin

The meeting was called to order by Dr. Santoro at 9:04 a.m.

Upon a motion made by Dr. Croasdale and seconded by Ms. Doyle it was unanimously

VOTED: to approve the minutes from the November 10, 2011 board meeting.

Chairman's Report

Dr. Santoro did not have a report.

Executive Director's Report

Mr. Kelley announced that Stacy Crooks is the new Director of the CPC. He spoke about Kathy Sisson from RIHEAA and the Way To Go website. He also mentioned that audited financials from Xap were coming.

Dr. Croasdale pointed out an article in the Providence Journal concerning private loans. Mr. Kelley stated that RISLA has state based loans. He also noted that this is RISLA's challenge of being considered the same as private loans made by for-profit entities.

Action Item #4 – Authorizing Resolution for Next Bond Issue

Mr. Kelley stated that there will be some new benefits for RIFEL Loans. 1. To tie financial literacy into fees. If a borrower enters immediate repay, he/she will not pay 4% fee upfront. 2. If student borrower participates in financial literacy program, RISLA will forgive the fee on deferred repayment loans. 3. Income based repayment will be introduced.

Mr. Kelley described the challenges associated with the new bond issue.

Mr. Brumberger asked who the lead underwriter on the deal is. Mr. Kelley answered that Janney Montgomery and Bank of America/Merrill Lynch would be co managers.

Mr. Howell inquired about the loan limits. Dr. Croasdale asked about the ratings.

Mr. Brumberger inquired about the bond issue fees. Mr. Simpson said the takedown fees were inexpensive but the selling costs are higher for fixed rate deals. Mr. Kelley stated that the budget is based on a \$25 million bond issue and that it's not to exceed budget. Mr. Kelley stated that RISLA would receive the bond proceeds in February and likely disburse them in June.

Dr. Croasdale asked how much funding is left from the current bond deal. Mr. Kelley stated approximately \$4 million of the current issue is available

Two votes were taken:

Upon a motion made by Dr. Croasdale and seconded by Ms. Doyle it was unanimously

VOTED to accept the budget for the bond issue proposed by staff.

Upon a motion made by Mr. Howell and seconded by Mr. Brumberger it was unanimously

VOTED to adopt the authorizing resolution for the bond issue.

Discussion of Licht report

Dr. Santoro discussed the Licht report recommendations, in which it was recommended that RIHEAA move to the OHE, the guarantee portfolio be put to the federal government, and allow RISLA to remain intact. Dr. Santoro expressed his belief that this plan is not likely to be accepted by the General Assembly. He expressed his belief that RIHEAA could continue as is, legislation could be enacted to allow the \$20 million in reserves to be used for higher education purposes, and allow RISLA to assume Way to Go to work in concert with the CPC.

Mr. Brumberger asked if Mr. Flanders is intending to come up with a plan. Ms. Doyle expressed her view that the board should develop its plan and ask Mr. Flanders to advocate that.

Dr. Santoro reiterated RISLA could assume Way to Go. The issue is the 3-4 state employees who run the program. And he also has serious reservations regarding Xap.

Mr. Brumberger asked about RIDE assuming control of Way to Go and if there are other entities around the country that sponsor or administer Way to Go.

Ms. Doyle stated the future of RIHEAA is questionable and it is uncertain how long it could last as a viable entity. Dr. Santoro stated that if RIHEAA uses its reserves it would maintain itself for a few years. However, he noted, if the state takes the \$20M, RIHEAA could last only until 2014. Mr. Lacroix stated that RIHEAA could sustain itself about another 3-5 years. Dr. Santoro expressed his belief if programs are restructured.

Mr. Palumbo suggested that the RISLA board should decide if RISLA wants to assume administration of Way to Go. Mr. Howell asked where it fits best. Ms. Doyle asked if it was appropriate with RISLA. Dr. Croasdale stated it would not be appropriate with RISLA. Mr. Brumberger said that this may be a bigger issue. Mr. Howell asked who would support it in the future. He doesn't believe the state will do so. Ms. Doyle stated that there is an end to RIHEAA, and RISLA is interested. It should be a consideration to transfer to RISLA. Dr. Croasdale wants to leave it where it is.

Mr. Kelley stated that the annual cost of Xap is \$525,000, and personnel and operations are \$300,000. RISLA could economize seasonality and could shave the costs down to \$600,000 by combining the program with RISLA.

Mr. Brumberger questioned whether state employees could go to RIDE. Mr. Kelley said there could be a saving on the Xap agreement by putting it out to bid.

Mr. Howell likes Mr. Brumberger's suggestion to link Way To Go with RIDE. Mr. Brumberger stated that a real partnership needs to exist.

Dr. Croasdale suggests leaving Way To Go with RIHEAA and then moving it over to RISLA. But Dr. Santoro stated that the sooner it's moved, the longer RIHEAA stays open and that leaving costly items in the budget will be a quicker demise.

Mr. Howell stated that Way to Go's best bet would be with RISLA.

Ms. Doyle says she's open to it and its survival with RISLA and that staff should develop a plan with legislative leadership. Dr. Santoro stated he has no opposition to move it to RISLA. Ms. Doyle restated the need to work with leadership and the need to save it.

Dr. Santoro asked Mr. Kelley if RISLA wants Way to Go. Mr. Kelley stated they would put all the pieces together, have conversations with RIDE, and come up with something for the January meeting. Dr. Santoro suggested having a joint meeting. Mr. Brumberger suggested bringing in members of the legislative leadership and that working with other entities is very important. Ms. Doyle suggests bringing in leadership after the plan is discussed by the board.

It was discussed that the next meeting would be held on January 20 at 8:30 as a joint meeting with RIHEAA.

Dr. Santoro asked Ms. Mance-Rios if RIDE would take Way to Go. She answered 'yes.'

Dr. Croasdale reiterated his concern for the 3-4 employees who run the program.

Upon a motion made by Mr. Howell and seconded by Dr. Croasdale it was unanimously

VOTED to adjourn at 10:23AM.

John Howell, Secretary